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successor-by-merger to Defendant Citibank (West), FSB

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re ATM FEE ANTITRUST LITIGATION

Master File No. C04-2676 CRB

CLASS ACTION

This Document Relates To:
ALL ACTIONS

**DECLARATION OF JEFFREY
PEARLBERG IN SUPPORT OF BANK
DEFENDANTS' MOTION FOR
SUMMARY JUDGMENT**

I, Jeffrey Pearlberg, declare:

1. I currently am the Director of Products & Marketing for the North American Citibank Retail Bank ("Citibank"). As the Director of Products & Marketing, I am responsible for developing and managing Citibank's North American retail banking products, including its ATM and debit card portfolio and strategies related thereto. I make this declaration from my own personal knowledge based on information known to me in the course of my responsibilities with Citibank. If called as a witness, I could and would testify competently to the matters set forth below.

DECLARATION OF JEFFREY PEARLBERG IN SUPPORT OF
BANK DEFENDANTS' MOTION FOR SUMMARY JUDGMENT

Case No. C04-2676 (CRB)

1 2. Citibank and its predecessors have been members of ATM networks in the United
2 States for over two decades. Over time, Citibank has been a member of a number of different
3 ATM networks, including NYCE, Cirrus, Plus, and the Star ATM Network ("Star").

4 3. Citibank, FSB had an ownership interest in Star from its inception through early
5 2001, when Concord acquired Star. Citibank remained a member of Star following the sale of its
6 ownership interest until approximately April 2007, when Citibank left Star in favor of eventual
7 exclusive North American participation in the MasterCard ATM and debit card networks, Cirrus
8 and Maestro, respectively.

9 4. Citibank participates in ATM networks to make ATM services available to
10 Citibank's current account holders, as well as to better enable Citibank to compete with other
11 financial institutions for new account holders. Citibank has deployed its own ATMs in its
12 branches and in off premise locations through a variety of programs and partnerships. However,
13 the extensive ATM base that an ATM network such as Star provides could not be duplicated by
14 Citibank on its own.

15 5. From Citibank's perspective, universal acceptance is a critical feature of an ATM
16 network. Without universal acceptance, Citibank could not guarantee its depositors that their
17 Citibank ATM cards could be used to withdraw cash at any ATM on the network. This guarantee
18 is expected by account holders and without it Citibank would be at a competitive disadvantage in
19 offering ATM services. Indeed, if a network could not guarantee universal acceptance, Citibank
20 would not participate in that network.

21 6. Further, Citibank would not participate in an ATM network that did not have a
22 comprehensive and binding set of operating rules establishing in advance all material terms for
23 transactions conducted over the network. Among those material terms are the amount, timing,
24 and other terms under which Citibank will receive payment from other banks for providing cash
25 to those banks' accountholders. Indeed, Citibank naturally would be unwilling to dispense cash
26 to another bank's card holder without an advance agreement clearly establishing these terms. The
27 amount of any interchange fee is one of the terms on which an advance agreement is necessary
28 for Citibank to be willing to participate.

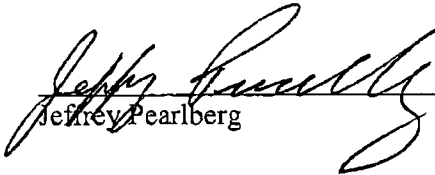
1 7. At any given time, Citibank has multiple competing ATM networks from which to
2 choose. In making ATM network participation decisions, Citibank considers a wide variety of
3 factors, including the size and geographic scope of the network, the locations of its ATMs, and its
4 fees, including interchange fees.

5 8. If participating in any ATM network required reaching bilateral agreements with
6 every other member of that network on the level of interchange fee (or any other material term for
7 foreign ATM transactions), Citibank would not participate in the network. The sheer number of
8 separate agreements that Citibank would be required to negotiate and oversee would render
9 continued participation too costly and infeasible. If such a requirement had been in place for any
10 network in which Citibank participated, Citibank would have explored other alternatives, such as
11 participating in other networks with advance agreement on the interchange and other relevant
12 terms or, if that option were unavailable, seeking to supplement its own ATM base with a limited
13 number of agreements with large ATM deployers sufficient to service Citibank's depositors
14 where its own ATM network could not. This also is true if such a requirement were to develop in
15 the future on any ATM network in which Citibank participates.

16 9. To the best of my knowledge, Citibank always has been a net issuer for ATM
17 transactions – not only over Star, but over all ATM networks. By “net issuer,” I mean that
18 Citibank pays other ATM deployers more in ATM interchange fees than it receives in ATM
19 interchange fees.

20 10. Citibank charges certain customers a foreign ATM fee for cash withdrawal
21 transactions conducted at non-Citibank ATMs, but the majority of Citibank customers are not
22 charged this fee. Whether or not a particular customer is charged a foreign ATM fee depends on
23 the terms and conditions of his or her account. Similar variances exist regarding surcharges,
24 which are rebated to some account holders but not others. The decision as to which account
25 holders will be charged a foreign ATM fee or receive a surcharge rebate, and under what
26 conditions, is one element of Citibank's overall strategy in packaging its banking services to best
27 attract prospective and retain current account holders.

1 I declare under penalty of perjury that the foregoing is true and correct. Executed on
2 August 2, 2007 in Long Island City, New York.

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